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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE

MAIN CAPITOL
ROOM 140
HARRISBURG, PENNSYLVANIA

BUDGET HEARING
DEPARTMENT OF ENVIRONMENTAL PROTECTION

WEDNESDAY, FEBRUARY 19, 2014
1:04 P.M.

BEFORE:

- HONORABLE WILLIAM F. ADOLPH, JR.,
Majority Chairman
- HONORABLE KAREN BOBACK
- HONORABLE JIM CHRISTIANA
- HONORABLE GARY DAY
- HONORABLE BRIAN ELLIS
- HONORABLE GLEN GRELL
- HONORABLE SETH GROVE
- HONORABLE ADAM HARRIS
- HONORABLE THOMAS KILLION
- HONORABLE DAVID MILLARD
- HONORABLE MARK MUSTIO
- HONORABLE DONNA OBERLANDER
- HONORABLE BERNIE O'NEILL
- HONORABLE MICHAEL PEIFER
- HONORABLE SCOTT PETRI
- HONORABLE JEFFREY PYLE
- HONORABLE CURT SONNEY
- HONORABLE JOSEPH MARKOSEK, Minority Chairman
- HONORABLE MATTHEW BRADFORD
- HONORABLE MICHELLE BROWNLEE
- HONORABLE MIKE CARROLL
- HONORABLE H. SCOTT CONKLIN
- HONORABLE MADELEINE DEAN

1 BEFORE: (cont'd)

2 HONORABLE DEBERAH KULA
3 HONORABLE MICHAEL O'BRIEN
4 HONORABLE JOHN SABATINA
5 HONORABLE STEVEN SANTARSIERO
6 HONORABLE JAKE WHEATLEY

7 ALSO PRESENT:

8 HONORABLE MARTY CAUSER
9 HONORABLE SHERYL DELOZIER
10 HONORABLE ROBERT GODSHALL
11 HONORABLE DAVE MALONEY
12 HONORABLE RON MILLER
13 HONORABLE JERRY STERN
14 HONORABLE J. P. MIRANDA
15 HONORABLE GREG VITALI
16 DAVID DONLEY, MAJORITY EXECUTIVE DIRECTOR
17 MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR

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1 P R O C E E D I N G S

2 MAJORITY CHAIRMAN ADOLPH: Good
3 afternoon. I'd like to reconvene the House
4 Appropriations Committee.

5 Today we're going to be hearing from
6 the secretary of DEP, Mr. Christopher Abruzzo.

7 Good afternoon, Mr. Secretary.

8 SECRETARY ABRUZZO: Good afternoon,
9 Mr. Chairman.

10 MAJORITY CHAIRMAN ADOLPH: Just go over
11 a couple of housekeeping rules. Please turn off
12 your cell phones, iPads, iPhones, and all the other
13 stuff that you carry with you. It interferes with
14 the television coverage.

15 I'm looking forward to your testimony.
16 If you'd like to give us a brief opening statement
17 and introduce the gentlemen that you're with.

18 SECRETARY ABRUZZO: Absolutely.

19 Chairman Adolph, Chairman Markosek,
20 it's a pleasure to be here today. My name is
21 Christopher Abruzzo. I'm the secretary of the
22 Department of Environmental Protection. To my
23 right is Executive Deputy Secretary Jeff Logan for
24 administration at the department, and to my left is
25 Executive Deputy Secretary Dana Aunkst, who is the

1 deputy who oversees all of our programs. That
2 would be mining, water, air, oil and gas.

3 It's a pleasure to be here today. As
4 many of you know, I came to the department in April
5 of 2013 at the departure of former Secretary
6 Krancer, and in December of 2013, I was confirmed
7 by the Senate to serve as the official secretary of
8 the agency.

9 Over the last ten months in this
10 capacity, I have traveled across the state, working
11 with the men and women not only in the Rachel
12 Carson building here in Harrisburg, but in our
13 regional offices to impress upon them a new mantra,
14 if you will. The mantra being, we want to be
15 viewed as problem solvers in Pennsylvania. We have
16 a very important mission, and that is to protect
17 our land, air, and water resources, protect our
18 citizens from environmental harm, but we want to be
19 viewed as problem solvers and not impediments.

20 The men and women from the agency have
21 risen to this challenge. They are doing excellent
22 work across the regions every day in a variety of
23 programs. As many of you know, DEP is responsible
24 for regulating a very large number of industries
25 and entities, and it is a challenge every day.

1 I've spent the last ten months doing as
2 much outreach work as I can possibly do, meeting
3 with environmental stakeholders and really opening
4 up the agency. We want to eliminate any perception
5 that we're -- that we are not a transparent agency
6 willing to share information with those that are
7 interested.

8 Our goal is the same as all
9 Pennsylvanians' goals. We want to protect our
10 resources, but we all believe in the importance of
11 clean air, clean water, and clean land.

12 So, with that, Mr. Chairman, I'd be
13 happy to answer any questions about our budget or
14 any other matter.

15 MAJORITY CHAIRMAN ADOLPH: Thank you
16 very much, Mr. Secretary. And congratulations on
17 your confirmation.

18 And as is customary with the budget
19 hearings, Chairman Markosek and I invite the
20 chairmen of the standing committee that -- that
21 handles these type of issues. And it's certainly a
22 pleasure today to have Chairman Ron Miller, the
23 Republican chair, and Chairman Greg Vitali, the
24 Democratic chair of the House Environmental
25 Resource Committee.

1 Protocol is that Chairman Markosek will
2 start it off and then we'll move to Chairman
3 Miller.

4 MINORITY CHAIRMAN MARKOSEK: Very good.
5 Thank you, Chairman Adolph.

6 And, Secretary, welcome.
7 Congratulations. Really look forward to working
8 with you and your team.

9 And I just have, I guess, a general
10 question, and I'll start it off, maybe just get it
11 out on the table here early. You being, by virtue
12 of your position, formally anyway, the number one
13 environmental steward, advocate, however you want
14 to describe it, in the commonwealth of
15 Pennsylvania, I would just like to get your
16 thoughts, and this would be in a general sense,
17 relative to global warming, and maybe call it
18 something else if you like, but -- so, the climate
19 change, whatever, and sometimes that is a
20 controversial phrase, but since you are in the
21 position you're in now, I think, certainly all the
22 members of the committee as well as the folks in
23 Pennsylvania would like to get your thoughts on
24 global warming, environmental change. How -- where
25 you think this -- where it is now and what, if

1 anything, we ought to be doing relative to that
2 change.

3 SECRETARY ABRUZZO: Absolutely. And I
4 appreciate the question, and I -- let me be very
5 clear -- and I've acknowledged this publicly in the
6 past, and you're right, I don't know -- people call
7 it global warming, they call it climate change.
8 I've come to think of it as climate change. I've
9 acknowledged climate change as a professional. I
10 do believe that there are man-made factors that
11 contribute to the climate change, and I do believe
12 there are impacts. And I know, at DEP, we do a lot
13 every day to address the health impacts that we see
14 as it relates to the things like the greenhouse gas
15 emissions that are responsible for a lot of
16 potential health impacts and responsible for this
17 warming trend.

18 I think the commonwealth has done a
19 very good job and has a very good story to tell in
20 terms of the reductions of our greenhouse gas
21 emissions over the last five, six, seven years. We
22 have reduced the different -- you know, the
23 different greenhouse gas emissions, so sulfur
24 oxide, nitrous oxide, carbon dioxide, mercury. If
25 you go across the board, the different particulate

1 matters that are involved with the greenhouse gas
2 emissions, we've reduced in tons, by tens of
3 thousands of tons of reductions, and in some cases,
4 thousands of tons of reductions in all of those
5 categories as it relates to emissions in
6 Pennsylvania.

7 We, at the department, enforce the
8 EPA's air quality regulations. So, these are not
9 DEP's regulations or Pennsylvania's regulations;
10 they're really the EPA's regulations for
11 Pennsylvania. And everyday we work hard to make
12 sure that industry in Pennsylvania is compliant
13 with those air emission standards. And, we -- we
14 have seventy-seven different air monitoring
15 stations across the commonwealth, stationary
16 stations that test our air every day. So, we are
17 vigilant in recording this information, in studying
18 the information. But we do have a good story to
19 tell in Pennsylvania.

20 It does not mean that we should do
21 more -- I'm sorry. It does not mean we shouldn't
22 do more, and I'm certainly open to discussion and
23 dialogue on that, but we do have a good story to
24 tell, and I just don't want that story to get lost
25 in that discussion.

1 MINORITY CHAIRMAN MARKOSEK: Okay.

2 That's a fair answer.

3 And, you know, at this point in time,
4 I'm not really prepared to drill down into all the
5 nook and crannies of that particular issue, but I
6 do sense a -- maybe -- excuse the pun -- a
7 refreshing attitude from you. And your answer, I
8 think, indicates that you're willing to work with
9 us on those kinds of issues, and it just won't
10 be -- you know, in the past, I think there was a
11 sense by -- especially by some of our members that
12 there was just a denial that the problem even
13 existed. But I'm glad to hear that, even though
14 you think, like the rest of us, understand that
15 there are changes that are happening, whether --
16 whoever is -- I don't know that I'm putting blame
17 on anybody, I'm just asking, and that you'll work
18 with us in trying to solve some of those very
19 important issues.

20 SECRETARY ABRUZZO: Yes, sir.

21 MINORITY CHAIRMAN MARKOSEK: Thank you,
22 Mr. Chair.

23 MAJORITY CHAIRMAN ADOLPH: I, for one,
24 can't wait for the change in weather.

25 Chairman Miller.

1 REPRESENTATIVE MILLER: Thank you,
2 Mr. Chairman.

3 Mr. Secretary, I want to thank you. As
4 the chairman of the seven-member Chesapeake Bay
5 Commission from Pennsylvania, you have become a
6 very active participant in our meetings. And it's
7 refreshing, I think, because you have agreed to be
8 more active in participating in these meetings, and
9 many former secretaries -- and it's not really a
10 shot at them, but most of the time it's been
11 staff -- your participation has led the governors
12 from Maryland and Virginia to become more active.
13 And I think that's very important, as we endeavor
14 to address all the issues that are facing us when
15 we try to achieve the federally mandated cleanup of
16 the Chesapeake Bay. So, thank you for that
17 leadership on the part of the administration.

18 I guess, I would use that to go into
19 the next part of the question I'd like to ask is,
20 you may not know this yet, but we're probably going
21 to have the November Chesapeake Bay Commission in
22 Williamsport, and part of the focus is going to be
23 on Marcellus shale and the drilling operations and
24 water quality. So, could you give us a little bit
25 of update on what the department is doing to assure

1 water quality in conjunction with the Marcellus
2 shale?

3 SECRETARY ABRUZZO: Well, I'll start by
4 saying, we test the waters of this commonwealth
5 every day across the commonwealth, in all bodies of
6 water. We have approximately a hundred and
7 seventeen water testing stations in our DEP water
8 testing network, so between our partners at
9 Delaware River Basin Commission, the Susquehanna
10 River Basin Commission, the US Geologic Service,
11 the surface waters of the commonwealth are tested
12 repeatedly and continuously for water quality.

13 And you mentioned Williamsport. The
14 Susquehanna River Basin Commission announced, I
15 don't -- recently, that the overall health of the
16 Susquehanna was improving. So, that supports what
17 we've known in terms of the water quality data that
18 we've received and we've reviewed going back
19 years.

20 As it relates to the protection of our
21 ground waters, I would say that the promulgation of
22 some of the Chapter 78 regulations, which mandate
23 well casing requirements and certain cementing
24 requirements of those wells, has done a -- has done
25 an excellent job of preventing some of the methane

1 gas migrations we saw occur early in the Marcellus
2 shale phenomenon. We are not seeing as many
3 complaints about this migration as we had seen
4 early on. And, in fact, fewer and fewer of those
5 complaints are even -- are even validated as being
6 authentic at this point.

7 And there's also been enormous pressure
8 on industry, in Act 13, to make sure that they're
9 doing things like pre-drill testing before they
10 drill to any homes within -- water well supplies
11 within twenty-five hundred feet of a well. That's
12 significant, because then we all have a baseline of
13 what is in that water well before drilling activity
14 occurs and what's in the water well, should
15 anything happen, after the drilling activity
16 occurs, and there is an immense liability at stake
17 for the company if they don't do so.

18 So, between our regulations dealing
19 with not only drilling but how the operators handle
20 waste water on the well pad, the containment, et
21 cetera, and then the testing we do across the
22 commonwealth, I think we've got a very good story
23 to tell as a state, as a commonwealth.

24 REPRESENTATIVE MILLER: Thank you,
25 Mr. Secretary.

1 Thank you, Mr. Chairman.

2 MAJORITY CHAIRMAN ADOLPH: Okay. Thank
3 you, Chairman Miller.

4 Chairman Vitali.

5 REPRESENTATIVE VITALI: Thank you,
6 Mr. Chairman.

7 And thank you, Secretary Abruzzo, for
8 coming here today.

9 I think I'd like to start out by just
10 recognizing the hard work you've put into your job,
11 the competence you bring to it, how you've been
12 very generous with your time in working with our
13 staff. I mean, I -- we can disagree on policy
14 issues. I can disagree with your boss on policy
15 issues. But you and Tom Santana have been very
16 good to our office, and our interactions as far as
17 you meeting with us has been very helpful to us.
18 So, I just want to kind of put that out there.

19 SECRETARY ABRUZZO: Thank you.

20 REPRESENTATIVE VITALI: Second point, I
21 wasn't going to get into climate change, and I
22 don't expect you to respond to this right now --
23 it's really not my first question -- but I think we
24 need to draw a distinction between conventional air
25 pollutants, things like mercury and NOx and SOx and

1 the other things that the Clean Air Act and so
2 forth cause us to regulate, and the greenhouse
3 gases, like CO₂ and methane. And I think -- I
4 think it's too important a subject to be too polite
5 about, because I think the CO₂ reductions we need
6 to do, as a planet, as a country, as a state, are
7 extremely dramatic, if we do not want to
8 destabilize this earth's climate. And some of the
9 crazy weather you're seeing, be it extreme cold or
10 extreme heat or drought, are being tied to this
11 very serious condition we face.

12 And I'll just sort of state, for the
13 record, that Pennsylvania needs to do a lot more
14 than shifting from coal to natural gas to deal with
15 this problem. They need to dramatically reduce the
16 fossil fuels they use, and they need to shift to
17 renewables, wind and solar. They need to greatly
18 expand their alternative energy portfolio standard,
19 and they need to conserve more. So, I just kind of
20 want to put that out there as an idea, which I
21 don't really expect for you to respond to. You
22 certainly can if you want.

23 But I wanted to start off with the
24 specific line item appropriation to the Delaware
25 River Basin Commission. I see in that that it's --

1 last year it was a nine-hundred-thirty-four-
2 thousand-dollar appropriation, and that was reduced
3 to four hundred thirty-four thousand. And the
4 Delaware River Basin Commission, we're one of five
5 entities. New York, New Jersey, Delaware and the
6 federal government, who -- that commission
7 regulates the Delaware River basin, which is
8 vitally important because that supplies the
9 drinking water for fifteen million people. So it's
10 very important. And to cut -- suggest a funding
11 cut of that amount, which essentially is 20 percent
12 of their overall funding, I -- I personally think
13 is -- is shocking.

14 Now, former DEP secretary John Hanger
15 called this a naked retaliation for the Delaware
16 River Basin Commission continuing the moratorium on
17 gas drilling. Our mutual friend, the Delaware
18 Riverkeeper, Maya van Rossum, called it
19 irresponsible. And Pat Henderson, the energy
20 executive, countered by saying this is not
21 retaliatory; we just don't want Pennsylvania to --
22 to pay a disproportionate share because the other
23 states have cut back.

24 So, I'm looking for -- I guess, I
25 wanted to ask you, are you concerned about this

1 funding level causing the Delaware River Basin
2 Commission to do its job properly? And to -- and
3 what -- can you tell me anything that the
4 administration might be doing -- if, in fact, it is
5 a matter of just wanting the other states to pay
6 their share, what is this administration doing to
7 get these other people to the table so everyone
8 does pay their fair share?

9 SECRETARY ABRUZZO: In terms of -- in
10 terms of whether or not the DRBC can continue to
11 perform their functions, I don't believe the
12 proposed cut in funding from Pennsylvania will
13 impact that. The DRBC, as you rightly point out,
14 funding sources come from other states. It's
15 supposed to come from the federal government. We
16 know now that the federal government just chooses
17 not to fund it. But the DRBC has enough in their
18 reserve funds to be able to cover any potential
19 reduction in funding from Pennsylvania this year.
20 They also have the ability to raise fees, if
21 they -- if necessary. But, I -- I would echo what
22 Mr. Henderson said. I don't -- there's no sense
23 I've received that this is being done for
24 retaliatory purposes. They're merely being asked,
25 from our perspective in Pennsylvania, to make some

1 of the same sacrifices that all state agencies have
2 made in Pennsylvania over the last three or four
3 years in terms of trying to do more with less in
4 their budget.

5 I don't know that this is a -- this is
6 meant to be a starting point, obviously, in
7 negotiations and not necessarily an end point. And
8 I also don't think it's reflective of what they
9 could expect to receive next year. So, I wouldn't
10 read too much into it. And I recognize that every
11 agency values the funding that they receive from
12 whatever source, but Pennsylvania has been funding
13 the DRBC in a disproportionate way, as compared to
14 our fellow commission members and the federal
15 government, for a long time, and it would be
16 helpful if the other states stepped up their
17 funding levels, especially in a time of need, to
18 address this shortfall.

19 REPRESENTATIVE VITALI: And I might
20 just note that the former executive director,
21 Featherstone, does, though, seriously limit the
22 agency's ability to do its work. I might just -- I
23 think if the administration wants to convince those
24 who care about the river basin that this is not
25 retaliatory, showing that there is some effort to

1 resolve this problem might be a good way to go.

2 But thank you.

3 SECRETARY ABRUZZO: Thank you,
4 Chairman.

5 MAJORITY CHAIRMAN ADOLPH: Thank you,
6 Chairman Vitali.

7 Next question is by Representative Tom
8 Killion.

9 REPRESENTATIVE KILLION: Thank you,
10 Mr. Chairman.

11 Welcome, Mr. Secretary.

12 First, I want to start by thanking you
13 and your agency in the southern part of
14 Pennsylvania where I'm from. We've had great
15 service out of your local office, Cosmo Servidio --
16 hope I got that right, I just call him Cosmo -- and
17 Patrick Patterson, local liaison, they're just
18 very, very responsive.

19 And the second thank you is, my school
20 district -- I represent several, the one I actually
21 live in, Rose Tree Media School District was
22 awarded a grant last year to convert buses to
23 natural gas. It's going very well. We are in for
24 the second round. Got our fingers crossed.

25 Just curious. How's that program

1 going? Are many individuals utilizing it? And for
2 us in the southeast, we don't see any direct
3 effects really -- we are now with the Marcus Hook
4 refinery, due to the Marcellus shale in
5 Pennsylvania. But this was nice to show folks back
6 home of something coming directly from the money
7 raised from Marcellus shale. We were able to get a
8 grant to convert our buses in the school district
9 to natural gas, which will save the school
10 district, over time, a lot of money and also be
11 good for the environment.

12 I'm just curious. How's it going in
13 other parts of the state? Are many people
14 utilizing that program?

15 SECRETARY ABRUZZO: That program, the
16 Natural Gas Vehicle Grant Program, is very
17 popular. As you know, we receive money for that
18 program from Act 13. So thanks to the foresight of
19 the legislature, that money has been used all
20 across Pennsylvania, Representative Killion, for
21 school districts, municipalities, other
22 governmental entities, small businesses, to
23 convert -- begin the conversion of those fleets.

24 Our AFIG program is also a very popular
25 program. It's the Alternative Fuel Incentive Grant

1 program. We received -- the funding stream from
2 there comes from the utility taxes, a portion of
3 utility taxes each year. Again -- and that program
4 also supports not just natural gas conversion, but
5 for other alternative forms of energy.

6 So, we're incentivizing -- the
7 legislature has helped us in DEP incentivize
8 Pennsylvanians from all walks of life to start this
9 conversion to cleaner burning energy, and in some
10 cases -- we talked about electric vehicles
11 yesterday -- to vehicles that have no emissions.
12 So, I mean, we're really -- we're making good
13 progress forward with these programs.

14 We expect, in fact, we'll have another
15 round of natural gas vehicle funding in the near
16 future. We will also -- I think we'll be having a
17 subsequent round of AFIG grant money in about -- I
18 want to say eight-million-dollars' worth being
19 announced in the next day or two. So, again, we
20 will continue to incentivize folks to convert to
21 cleaner burning forms of vehicles, et cetera,
22 through these programs.

23 And I appreciate the kind words. I do
24 think that helping school districts, especially,
25 school districts and municipalities, convert made a

1 lot of sense because of the location of their
2 fleets, the fact that they return typically to one
3 location. And these fleets are better -- they can
4 be managed in this way, that -- to really get the
5 most value out of their municipal dollars, school
6 district dollars. So, we've tried to put an
7 emphasis on directing funds to those entities.

8 REPRESENTATIVE KILLION: Great. Thank
9 you.

10 And as I said, Rose Tree Media School
11 District is very appreciative. Thanks for your
12 help.

13 SECRETARY ABRUZZO: Thank you.

14 MAJORITY CHAIRMAN ADOLPH: Thank you,
15 Representative.

16 Representative Santarsiero.

17 REPRESENTATIVE SANTARSIERO: Thank you,
18 Mr. Chairman.

19 Mr. Secretary, welcome.

20 SECRETARY ABRUZZO: Thank you.

21 REPRESENTATIVE SANTARSIERO: Gentlemen,
22 welcome.

23 Mr. Secretary, as you're probably
24 aware, back in 2008, former Governor Rendell signed
25 an executive order creating a task force to look

1 into our long-term needs in terms of both
2 wastewater and water facilities throughout the
3 commonwealth. And at that time, that task force
4 issued a report soon thereafter that estimated a
5 need of about twenty-five billion dollars in
6 infrastructure investment on the wastewater side in
7 the next twenty years.

8 I know in my county, Bucks County, it's
9 a serious problem. We have large parts of the
10 county which, right now, are being held back from
11 serious economic development, as you're probably
12 aware, because they cannot connect into the sewer
13 line because the effluent is being treated in
14 Philadelphia and the plants down there have already
15 reached their limit.

16 So, I guess a couple of questions. The
17 first one is, is the more global question, which
18 is: Where is the department right now in updating
19 that assessment and recognizing it and advocating
20 for additional dollars ultimately to go into our
21 wastewater treatment facilities, both the updating
22 of the current ones as well as the construction of
23 new POTWs?

24 SECRETARY ABRUZZO: I'll defer to Dana
25 a little bit on this. I'm very familiar with the

1 issue in Bucks County. And so we, of course, any
2 way we can -- whether it's through the CFA, the
3 Commonwealth Financing Agency, or other funding
4 entities, that we can provide funding or we can
5 support funding for modification to systems or the
6 creation of new wastewater treatment facilities, I
7 think it's important that we do so.

8 As we all know, these kind of
9 facilities put an awful strain on municipal
10 budgets. In many instances, especially the smaller
11 municipalities, have no way to actually make this
12 upgrade or convert to a newer facility.

13 In Bucks County, I'm pleased to say, I
14 think we've arrived at a solution with the Bucks
15 County sewer and water authority that will help
16 these municipalities moving forward. And I credit
17 the folks in our southeastern office as well as the
18 folks in Bucks County for working hard at arriving
19 at a solution.

20 But -- but from my own local government
21 experience, I know for a fact, if we did not have
22 the support of the commonwealth through various
23 funding mechanisms, H₂O funding additionally, we
24 might not be able to make these conversions.

25 But, Dana, I don't know if there's

1 anything you'd like to add?

2 EXECUTIVE DEPUTY SECRETARY AUNKST:

3 Thank you, Representative.

4 One of the things -- I was actually
5 part of that operation in 2008 and did a lot of
6 work on that, and I can tell you that the number
7 twenty-five billion is rather staggering, and
8 you're absolutely correct. One of the other parts
9 of that study, though, was what was called a gap
10 analysis, that showed that part of the need could
11 be addressed through what's called full-cost
12 pricing, user rates that actually reflect the full
13 cost of operating a system. And when full-cost
14 pricing would be put in place, that twenty-five
15 billion could be as low as six billion.
16 Nonetheless, six billion is still a very staggering
17 number.

18 We continue to, for lack of a better
19 term, lobby very diligently with EPA, because the
20 primary source of our PENNVEST funding is our
21 federal grant for wastewater and drinking water
22 infrastructure that we get as part of the EPA
23 funding every year. We take that money. We seed
24 PENNVEST with it. A lot of PENNVEST funds get
25 repaid as part of loan packages, which increases

1 the funding under PENNVEST.

2 So, between programs like CFA programs
3 and PENNVEST, we're trying to tackle that need,
4 that gap, but full-cost pricing would go a long way
5 to actually decreasing that gap.

6 We had taken that study, as you
7 recall. And there were, I think, several changes
8 recommended to statute or some additional
9 legislation that was recommended. Quite frankly,
10 in my memory, I don't think it ever went anywhere
11 past those recommendations, so it's not something
12 that we've been focused on recently. But, with the
13 needs that have been identified and some of the
14 challenges that the secretary has mentioned, I
15 think that it's something worth having --
16 reigniting those discussions.

17 REPRESENTATIVE SANTARSIERO: Yeah. I
18 appreciate that. I would urge you to do that,
19 because as the economy now finally slowly starts to
20 turn around and, in particular, the housing market
21 and construction side of the equation starts to
22 increase, there will be more burden, obviously, a
23 greater demand now for new wastewater
24 infrastructure.

25 So, I think the time is now to think

1 about what that really is going to be, whether a
2 large piece of it is going to come from the federal
3 government, may or may not happen, depending upon
4 what's happening down in Washington. I'm not
5 confident about that. And so perhaps we need to be
6 looking at the state level of what we need to do at
7 least to identify the problem more clearly and then
8 discuss it, just as we have with transportation and
9 our other infrastructure needs, because this is
10 going to be a real problem, particularly if it then
11 starts, as it did in Bucks and still is doing in
12 Bucks, impeding economic growth because new
13 businesses can't connect into the system.

14 SECRETARY ABRUZZO: That's an excellent
15 point.

16 REPRESENTATIVE SANTARSIERO: And if I
17 may, Mr. Chairman, just one final comment to echo
18 Representative Vitali. I represent a district
19 that's right on the Delaware River. And, you know,
20 the funding for the commission is a serious issue.
21 I understand, you know, what's happening with the
22 other states and with the federal government, but,
23 candidly, at the end of the day, that should not be
24 the reason why we, as a commonwealth, don't do our
25 duty to fully fund the commission. And it's

1 necessary. We need that.

2 Those of us who represent communities
3 on the river, as well as, frankly, all of us in the
4 Delaware Valley watershed, rely on our drinking
5 water from that basin, really require a functioning
6 commission that is an advocate, ultimately, for the
7 residents in the area.

8 Thank you.

9 MAJORITY CHAIRMAN ADOLPH: Thank you,
10 Representative.

11 Representative Scott Petri.

12 REPRESENTATIVE PETRI: Thank you,
13 Mr. Chairman.

14 It's interesting, you know, here in
15 Harrisburg, and, I guess, across the nation, same
16 set of facts can cause people to reach different
17 conclusions.

18 I want to ask some questions about the
19 Delaware River Basin Commission and whether we
20 should be sending a message to them about their
21 lack of responsiveness to the people who live along
22 the Delaware River.

23 Mr. Secretary, you mentioned that they
24 have the ability to raise fees. Would those
25 include fees from users who obtain this drinking

1 water, namely the New York residents?

2 SECRETARY ABRUZZO: I believe they
3 could.

4 REPRESENTATIVE PETRI: Do you know if
5 they charge a fee?

6 SECRETARY ABRUZZO: I do not -- I don't
7 know if they charge a fee right now. And I
8 apologize. Maybe I should know. I've only, in the
9 last three or four months since I've been at DEP,
10 became engaged sort of in management oversight at
11 the commission. So, there may be some of this
12 information I just don't -- I haven't focused on
13 yet.

14 REPRESENTATIVE PETRI: Mr. Secretary,
15 I'm going to urge you strongly, on behalf of the
16 residents that live up and down the Delaware River,
17 to actively get involved in this compact and to
18 flex Pennsylvania's significant muscle.

19 Let me just share some facts with you
20 that you may not be aware of. The DEP -- or the
21 Delaware River Basin Commission, in their own
22 presentation, indicated that there would have been
23 substantially less property damage, residential and
24 commercial, had the reservoirs not been at a
25 hundred percent capacity in June of 2006. And, in

1 fact, in the New Hope, Lambertville, Upper
2 Makefield area alone, it's somewhere around a
3 hundred homes and eight or nine businesses. And
4 that's assuming -- the scientists in that case
5 assumed that the void of 80 percent would have
6 created a two-foot difference in the level of the
7 water.

8 The total damage up and down New Jersey
9 and Pennsylvania that would have been avoided by
10 their own report is two hundred seventeen homes and
11 seventy-six businesses, just from two feet.

12 Now, what's interesting is, the folks
13 that live along that area have hired their own
14 scientist, who concluded that the difference would
15 have been six feet of water, which would have meant
16 somewhere around a thousand homes and a hundred
17 eighty-four to two hundred businesses would not
18 have been impacted.

19 So, with the national circumstance of
20 change of floodplain maps, the substantial increase
21 in floodplain premiums, what do you think you can
22 do or should do, and what should we be doing, in
23 order to send a message to this agency that they're
24 not protecting Pennsylvanians, New Jerseyans, or
25 even Delawarians?

1 SECRETARY ABRUZZO: One observation
2 I've made, and I've made this on a number --
3 Chairman Miller mentioned this with respect to the
4 Chesapeake Bay Commission. It is vitally
5 important, where Pennsylvania has -- whether
6 they're cabinet officials or members of the
7 legislature that are members of these commissions,
8 that we appear at the regular meetings and that
9 we -- in your words, you know, flex our muscle.

10 I've made this comment to my colleagues
11 on the Delaware River Basin Commission. We -- we
12 either choose to be a weak commission and have the
13 Delaware River Basin itself, the commission itself,
14 be its own entity, or we choose to be a strong
15 commission and work together, each state working
16 together to give direction to the DRBC, which I
17 prefer. I think it's -- that promotes better
18 working relationships between Pennsylvania, new
19 York, New Jersey, Delaware, the federal government.

20 And to the issues about the reservoirs
21 that you mentioned, that comes with good
22 interaction between Pennsylvania and New York, so
23 that New York truly understands the downstream
24 ramifications when they don't lower those
25 reservoirs. Or they do lower the reservoirs -- you

1 know, there's the yin and the yang. Because I was
2 aware -- I was aware of that issue a number of
3 years ago, before I came to DEP, but we -- it's the
4 importance of making sure the DRBC is functioning
5 at the will of the commission.

6 So, I've engaged, as I have on the
7 Chesapeake Bay Commission, I've engaged in the
8 Delaware River Basin Commission, not to take over
9 those agencies, but to show the leadership that we
10 need to show as Pennsylvania on those commissions.
11 And so, I will endeavor to continue to do so, and I
12 hope that that -- that my presence at these
13 meetings makes the difference that you're seeking.

14 I can tell you that I was very
15 appropriately involved with the interview process
16 of the -- of the executive director candidate. As
17 you know, Carol Collier is leaving the commission;
18 she's retiring. And I've made myself actively
19 involved for that reason, so the other states also
20 realized how important it was that we, as a
21 commission, all picked the right leader to lead
22 this commission for us into the future.

23 REPRESENTATIVE PETRI: Well, I thank
24 you for that, and I hope you will -- believe me,
25 you will be the champion of thousands of

1 Pennsylvania residents by doing that.

2 And I want to share with you that a
3 number of them have indicated to me and shown me
4 documentation that is suggestive that not only are
5 they not allowed to speak at meetings and voice
6 their opinion and present the evidence that they
7 have, the meetings are even sometimes moved, and
8 there's some gamesmanship going on with respect to
9 their ability to even attend.

10 And, you know, look, good government is
11 always open and transparent. And I would hope
12 that -- that that could be accomplished.

13 With respect to the funding issues, I
14 happen to agree with you that I think it's
15 extremely unfair that the federal government hasn't
16 funded this function for a decade, and that, other
17 than New Jersey, there's no one even close to the
18 level of our funding. And, therefore, you know,
19 something has to be done in that regard, and a
20 message has to be delivered. And I hope you're
21 going to be ready to deliver it. It's a very, very
22 important issue.

23 Thank you.

24 SECRETARY ABRUZZO: Thank you.

25 MAJORITY CHAIRMAN ADOLPH: Thank you,

1 Representative.

2 Representative Mike Carroll.

3 REPRESENTATIVE CARROLL: Thank you,
4 Mr. Chairman.

5 Mr. Secretary, good afternoon. Thank
6 you for being here.

7 Mr. Secretary, I represent a portion of
8 the Wyoming Valley and Lackawanna Valley. We have
9 our fair share of acid mine drainage. And I wanted
10 to spend a few minutes, if we could, on Senate Bill
11 411. My perspective, to give some context, is that
12 the use of AMD water and iron oxide-laced water is
13 probably a smart way to go with respect to
14 relieving the pressure of extraction of water that
15 is far cleaner than the AMD-tainted water. But
16 there seems to be some debate raging relative to
17 the terms in 411 relative to the use of that water
18 and what that would mean with respect to fracking.

19 Can you share with me -- I know it,
20 maybe, is a lengthier subject, but a capsule view
21 of where we stand in 411 and what the department's
22 view of that whole process is?

23 SECRETARY ABRUZZO: Well, I believe the
24 department took a supportive position with
25 legislation. I think the idea being that we were

1 supportive of -- of course, acid mine drainage,
2 acid mine influenced water is a big issue not just
3 in the northeast but in the southwest, and we find
4 ourselves working hard to remedy those acid mine
5 influenced waters everywhere we can with both
6 passive and active treatment systems.

7 I think this was a creative idea to
8 reduce the reliance on fresh water in the fracking
9 process and treat acid mine drainage, acid mine
10 influenced water appropriate so that it could be
11 removed from -- from these active mine sites, these
12 drainage sites, and used productively in the
13 fracking process, so, in essence, just reducing the
14 reliance of fresh water and solving a problem --
15 solving someone else's problem. We viewed it as
16 somewhat of a win-win.

17 And, Dana, I don't know, do you have
18 anything you'd like to add to that?

19 REPRESENTATIVE CARROLL: Just to put a
20 finer point on it before Dana answers, does 411 get
21 us there?

22 EXECUTIVE DEPUTY SECRETARY AUNKST: We
23 believe that it does. Some of the remaining
24 concerns, as I understand it, are over the
25 liability concerns, so that it's the old "you touch

1 it, you own it" kind of thing, and believe that the
2 bill has adequately addressed those concerns, so we
3 do support the bill.

4 And I'll echo what the secretary said.
5 This just makes sense from a water usage
6 standpoint, that you're using something that would
7 otherwise be a problem and avoiding -- avoiding use
8 of fresh water. So, we do support the bill, and we
9 believe that it's -- it addresses the concerns that
10 have been expressed.

11 Now, I know there are others out there
12 who don't believe that, but we believe that it
13 does.

14 REPRESENTATIVE CARROLL: But it's fair
15 to say the department at least wants to make sure
16 that there's not an extension of liability
17 insulation that extends far beyond the use of
18 AMD water?

19 EXECUTIVE DEPUTY SECRETARY AUNKST:
20 Correct. I believe that -- right, yes. Correct.

21 REPRESENTATIVE CARROLL: Thank you.

22 And then, to the extent that I
23 represent the Lackawanna River in particular,
24 Mr. Secretary, I'd like to draw your attention to
25 the fine work that is being done in an effort to

1 try and clean up the discharge from the Old Forge
2 bore hole. Your regional director, Mike Bedrin, in
3 Wilkes-Barre, has done a wonderful job working with
4 the parties up there in an effort to try and
5 advance the solution to, you know, a decades-old
6 problem. The Old Forge bore hole in the Lackawanna
7 River, if they're not the single biggest polluter
8 of the Chesapeake Bay, they're the top three,
9 and -- I think it's in the top three.

10 And so, I would hope that you and your
11 team would continue to work with Senator Blake and
12 with me in an effort to try and come to some sort
13 of a resolution with respect to the Old Forge bore
14 hole. The Old Forge bore hole, you must know, was
15 drilled by the commonwealth of Pennsylvania, and so
16 we have a bore hole that's single -- the biggest
17 polluter that was drilled by the commonwealth. So,
18 I'm hopeful that you and your team will continue
19 the efforts to work with others in an effort to try
20 and solve that problem.

21 SECRETARY ABRUZZO: We will continue to
22 do so.

23 REPRESENTATIVE CARROLL: Thank you very
24 much.

25 MAJORITY CHAIRMAN ADOLPH: Thank you,

1 Representative.

2 Dana, if you could pull your mic closer
3 to you. I've been advised that they're having a
4 hard time hearing you. Thank you, Dana.

5 Representative Jeff Pyle.

6 REPRESENTATIVE PYLE: Thank you,
7 Chairman.

8 Thank you for being here,
9 Mr. Secretary. These hearings help us an awful
10 lot, let people have a broader understanding of the
11 issues at hand.

12 The one I want to call to your
13 attention is, you guys recently redid the fees and
14 permits structures on our horizontal unconventional
15 and vertical unconventional. And I'm curious as
16 to how you came up with the ratio -- I'm trying to
17 find that number right now. I wish I had the
18 chairman's accounting skills.

19 How did you come up with five thousand
20 for a horizontal well and forty-two hundred for a
21 vertical? There's a gigantic discrepancy in the
22 size of those things. Just wondered, could you
23 share, how did we get there?

24 I mean, a horizontal output's about ten
25 times more gas than a vertical.

1 SECRETARY ABRUZZO: Yes. That's a good
2 question. I'm going to ask Jeff Logan to answer
3 that because it's -- I don't want it to be
4 misconstrued in terms of how we arrived at those
5 numbers and how they relate between the
6 unconventional industry versus the conventional
7 industry, because I think there's been some
8 confusion.

9 REPRESENTATIVE PYLE: Please.

10 EXECUTIVE DEPUTY SECRETARY LOGAN: Yes,
11 just to build on the secretary's comments, we tried
12 to really do a cost accounting of our times, on how
13 much time it takes for our staff to review various
14 types of permits. And while certainly the length
15 of an unconventional horizontal, of that -- the
16 length of that drill is longer than just a
17 vertical, touching the Marcellus, the overall time
18 it takes to review one or the other is not that
19 much different. It still takes a longer time to
20 review the horizontal, but it's not like a function
21 of -- in feet, if you will.

22 So, we took our best shot at looking at
23 our costs, looking at our time it takes our current
24 reviewers in our various regions, and then applied
25 those costs, plus the indirect costs associated

1 with maintaining the oil and gas program, to come
2 up with that number. And -- and then, we had to
3 make an assumption on the number of units, the
4 number of permits that we anticipate.

5 And so, we took a -- a conservative
6 approach of about twenty-two hundred permits per
7 year, so twenty-two hundred units of the
8 unconventional horizontal at five thousand dollars
9 per permit. We took another estimate on the -- and
10 it's a much lower number -- it's maybe two hundred
11 Marcellus vertical permits, but -- and the rest
12 being conventional. Those dollars, those fees
13 associated with that represent about three-quarters
14 to -- two-thirds to three-quarters of the overall
15 revenue stream to support the oil and gas program.

16 I just want to remind you, the oil and
17 gas program is supported solely on permit fees,
18 fines, and the six million dollars per year
19 received through Act 13 with the Marcellus fund.

20 REPRESENTATIVE PYLE: Thank you for
21 that answer.

22 I think you -- you just used the same
23 word in two different contexts, and you got them
24 both. That was, this isn't based on fee. This
25 isn't based on running linear nine-square mile,

1 fully deployed horizontal development. This isn't
2 based on eight thousand feet one direction, eight
3 thousand feet another direction, eight times, like
4 a horizontal does, which outputs a great amount of
5 gas. A vertical-horizontal well goes straight up
6 and down. You frack it once. Okay. So, no, the
7 amount of foot -- millions of feet of natural gas
8 that come out of a horizontal, staggering the
9 amount that come out of a vertical.

10 And the reason for my question was, I
11 know vertical wells are what prevent us from
12 getting into a real dirt discussion about forced
13 pooling. When you do have multiple properties that
14 do have accessibility to the shale and they want to
15 go deep, it's their prerogative. It's their
16 property, if they own their own rights. That's
17 where verticals prove their worth.

18 If you have somebody in between that
19 doesn't want anything to do with it, that's their
20 property, too, and they should be able to stop
21 that. That's where vertical wells allow people to
22 enjoy in this, and we kick into our state coffers.
23 But I just was very curious. Those numbers didn't
24 look in proportion to the actual worth of those
25 developments

1 I have one more question, if I may?
2 Thank you.

3 Couple of years ago, under the previous
4 governor, we ramped up the amount of inspectors and
5 people we had looking at our wells and stuff. I'm
6 going to ask this with baited breath. Do you
7 anticipate a need for more staffing?

8 SECRETARY ABRUZZO: For oil and gas
9 staffing?

10 REPRESENTATIVE PYLE: Yeah.

11 SECRETARY ABRUZZO: Yeah. We do have
12 an anticipated need. We will add -- with this
13 increase in well permit fees, the one that's been
14 proposed, that's moving through final approval now,
15 we anticipate hiring approximately thirty-six more
16 positions in the oil and gas program. Not all of
17 them will be field inspectors.

18 Importantly for us, we will hire a
19 significant -- a significant number of the thirty-
20 six, assuming we can fill all thirty-six positions,
21 some of that will -- again, this is well permit
22 fees, so as long as the fee increases and number of
23 permits remains constant, we should be able to hire
24 thirty-six people. We will hire some additional
25 inspectors. That will give us, quite frankly, more

1 inspectors than the state of Texas, which has nine
2 times more unconventional wells. That is -- and
3 I'm very happy about that. I want us to have as
4 many inspectors in the field as possible.

5 We need to also hire, as an agency --
6 so, from my perspective looking down as the
7 secretary, I have people in the air quality program
8 and in the water quality program that are helping
9 with oil and gas operations because of their
10 expertise. I need to hire -- some of those new
11 thirty-six positions need to be air quality
12 specialists, water quality specialists in the
13 program specifically, so that the men and women
14 that are working in our air quality program and
15 water program can refocus on the work that's
16 already there in those programs.

17 So, we're looking forward to this
18 increase in well permitting fees to give us the
19 ability to grow that -- our oil and gas program.
20 As the industry continues to evolve in
21 Pennsylvania, we need to make sure we continue to
22 evolve, too, so that we're properly regulating it
23 and we have enough people in the field to do so.

24 REPRESENTATIVE PYLE: That's perfect,
25 Mr. Secretary. That's the direction we want to

1 go.

2 Is it fair to assume that Pittsburgh is
3 going to get some of these inspectors, that should
4 anything go wrong, like in a Greene County or any
5 other theoretical place, that they'd be able to
6 scramble emergency crews?

7 SECRETARY ABRUZZO: Well, we -- you
8 know, we're taking sort of this -- in this whole
9 process in terms of adding complement, we're using
10 what I would call a "bottom up" approach. I've
11 challenged our bureau directors and our regional
12 directors to identify for us where they need the
13 additional staff. We can tell by metrics where we
14 think we need them, but I want to make sure that
15 we're reducing stress points in each of the
16 regions. And if that's emergency response staff or
17 oil and gas staff were the same, we're going to
18 have them make their business case to us, so that
19 as we expand, we're doing so strategically, that
20 we're using every tax dollar appropriately.

21 So, yes, you can expect there will be
22 more people in our southwest office, more people in
23 our northwest office, and more people in our north
24 central office. I can't tell you exactly the
25 breakdown position by position yet, but that's

1 where we'll see probably most of that growth.

2 REPRESENTATIVE PYLE: Well, with the
3 events in Greene County at the Chevron well, and
4 I've had constituents call who are less than happy
5 with the response, but I wanted to tip my hat to
6 Under Secretary Santana. We actually had one of
7 those pop up last night, where a fellow living next
8 to a well suspected a leak, and he was given some
9 answers out of the field office in Pittsburgh I
10 didn't feel were entirely accurate. But, I'm real
11 happy to say, Under Secretary Santana straightened
12 those out this morning.

13 SECRETARY ABRUZZO: Good.

14 REPRESENTATIVE PYLE: Thank you.

15 Thank you, Mr. Chairman.

16 MAJORITY CHAIRMAN ADOLPH: Thank you,
17 Representative.

18 Representative Mike O'Brien

19 REPRESENTATIVE O'BRIEN: Thank you,
20 Mr. Chairman.

21 Good afternoon, gentlemen.

22 We've certainly had a robust
23 conversation about the Delaware River this
24 afternoon and DRBC, so, obviously, our time
25 together won't be very long.

1 You said in your testimony earlier that
2 you test water quality often along the rivers and
3 throughout the commonwealth. So, can you tell me,
4 in a Delaware River, where is the salt line?

5 SECRETARY ABRUZZO: I don't think I can
6 tell you that specifically.

7 Dana?

8 EXECUTIVE DEPUTY SECRETARY AUNKST:
9 Representative, again, the salt line moves. And it
10 moves up and down, depending on the flow and
11 depending on the tides, actually.

12 So, as I understand it, from my former
13 position in the water program, that salt line is
14 somewhere near the -- just say downstream is the
15 best way to describe it, of the city of Wilmington
16 most of the time. And that's my understanding.

17 REPRESENTATIVE O'BRIEN: I understand
18 that that salt line has been encroaching northward
19 over the years; is that correct?

20 SECRETARY ABRUZZO: I can't confirm,
21 but -- I don't know for sure.

22 REPRESENTATIVE O'BRIEN: Okay. I
23 promised this would be a short conversation between
24 us.

25 It seems to me that if we're providing

1 potable out of the Delaware River for 43 percent of
2 the population, and it's my understanding that the
3 salt line continues to encroach north, and it's my
4 understanding, at some points, if the water works
5 in the Philadelphia County need to be relocated,
6 that we're talking billions and billions of
7 dollars. It simply seems to me that a 54 percent
8 cut in funding to DRBC is not a prudent course of
9 action. There, you have my editorial comment.

10 Have a good afternoon, gentlemen.

11 SECRETARY ABRUZZO: Thank you,
12 Representative.

13 REPRESENTATIVE O'BRIEN: Thank you,
14 Mr. Chairman.

15 MAJORITY CHAIRMAN ADOLPH: At this
16 time, I'd like to recognize the presence of
17 Representative Marty Causer, who has joined us.

18 And the next question is by
19 Representative Dave Millard.

20 REPRESENTATIVE MILLARD: Mr. Secretary,
21 good afternoon. Thanks for being here.

22 I know that we've dealt numerous times
23 on a variety of issues after the 2011 flood, and I
24 certainly appreciate the cooperation of our
25 district director for DEP, Marcus Kohl, and, of

1 course, Tom Santana, who works under staff as
2 well.

3 I'd like to go back to some of those
4 issues that we worked on in Columbia County. Just
5 a couple unfinished answers to questions that I
6 have.

7 Has DEP been addressing or providing
8 funding for the removal of stream debris and gravel
9 bars? And I ask this question to you specifically
10 because, throughout Columbia County along Fishing
11 Creek, there are numerous examples that still exist
12 of debris buildup in the stream, and, as far as
13 gravel bars, I know that we had one project there
14 where we were able to remove a portion of a gravel
15 bar in conjunction with another program that we
16 were working on there. However, a big portion of
17 it remains there, and that's just one location that
18 I'm thinking of now. There are numerous.

19 And, of course, they're very visible.
20 People that have been stung by a flooding event,
21 you know, look for signs of relief in certain
22 areas, and when it's a constant reminder to them,
23 then that -- that, you know, psychological relief
24 never goes away. And, of course, we have the
25 evidence in our community of a number of homes that

1 were destroyed by flooding and had to be demolished
2 and removed.

3 And, in one community in particular, it
4 is believed that the size of the gravel bar, the
5 mature vegetation that had collected on that gravel
6 bar over a number of years, contributed greatly to
7 the demise of a dozen homes. So, that is the
8 reason for my question to you, if there is money
9 for it, and if we have got any identified
10 programs. And, of course, I'm interested in
11 Columbia County at this point.

12 SECRETARY ABRUZZO: Right. And Dana
13 and I have talked about this. Our line item, it
14 says flood control projects in our budget, that
15 money, that line item really is for these kinds of
16 projects, these stream restoration projects to
17 address flooding issues.

18 So, Jeff may have the exact number. I
19 don't have the number in front of me, but I know
20 that line item is there and that's specifically
21 what that money is to be used for.

22 REPRESENTATIVE MILLARD: And is there
23 an application process directly through your
24 department to access that funding?

25 EXECUTIVE DEPUTY SECRETARY LOGAN: We

1 think Growing Greener I dollars, we have, this
2 year, projecting approximately 17.8 million dollars
3 for watershed protection and restoration.

4 REPRESENTATIVE MILLARD: And the
5 communities would make that application to you?

6 EXECUTIVE DEPUTY SECRETARY LOGAN: Yes,
7 sir.

8 REPRESENTATIVE MILLARD: Now, in this
9 example that I'm thinking of in the lower end of
10 Bloomsburg, the west end of Bloomsburg, we have a
11 flood control project that is going to be done --
12 hopefully we'll be able to break ground on it.
13 We're working very closely with DEP on a lot of the
14 permits, doing a lot of the excavating, the boring,
15 the testing of the samples, everything A to Z, but
16 with regard to the groundwater, we believe that
17 some of the material in that gravel bar can be
18 utilized in the proposed flood wall or flood
19 protection.

20 Is it just a simple matter of getting a
21 permit? It will not cost your department any
22 money, supposedly, other than a permit, because we
23 have an entity that funding is already in place for
24 it, to construct this flood protection, we could
25 use that material.

1 SECRETARY ABRUZZO: If you're asking me
2 if you can use it, we can certainly check with our
3 folks in the northeast region or, in this case, the
4 central region, and get an answer back for you.

5 REPRESENTATIVE MILLARD: Okay.

6 SECRETARY ABRUZZO: I'm not seeing a
7 reason -- I can't think of a reason, off the top of
8 my head, why that would be a problem, but I don't
9 want to give you an answer without making sure that
10 it's right.

11 REPRESENTATIVE MILLARD: And in all
12 fairness to you, the reason that I ask is that
13 there may be more projects that are duplicated
14 across the states that are in close proximity to
15 problematic areas where we can, you know, do some
16 good with two projects at one time.

17 So, I appreciate if you would get back
18 to me on that.

19 And the only other question that I have
20 is that, the past year, of course, we've seen
21 significant damage and flooding from storms all
22 across Pennsylvania. And municipalities, of
23 course, it takes a long time, but they continue to
24 work to address the problems and find solutions.

25 How closely does your department, your

1 agency, work with the federal government, the state
2 government agencies, the fish commission? I know
3 that we -- every time we enter a stream, other than
4 to go swimming or cast a line to catch a fish,
5 that, you know, there's always some involvement
6 with the fish commission in a lot of these permit
7 reviews and everything else.

8 So, is there a close working
9 relationship there? And with PEMA as well?

10 SECRETARY ABRUZZO: I think we have a
11 fairly close working relationship with our sister
12 agencies.

13 And as it relates to stream debris
14 removal, especially after storms and things that I
15 know affect all -- everyone's districts, one of the
16 things we've begun doing -- it became evident to
17 me, speaking to a number of township supervisors,
18 that there is this perception that it's very
19 difficult to obtain a permit to clean the debris
20 out of a stream after a flood, and we know that if
21 it doesn't get done, the situation only exacerbates
22 the next time there's a storm event.

23 We've embarked on our own sort of
24 education mission with our local government
25 liaisons, and -- so that they're actually going out

1 to the municipalities and explaining to the
2 municipalities, whether it's the township manager
3 or the public works director, how to apply and
4 receive an emergency permit from DEP, which they
5 can get almost immediately. The turnaround time
6 is -- I think sometimes it's less than twenty-four
7 hours. And it allows folks to get into the stream
8 to clean that debris out timely, which is typically
9 the complaint I hear. It's not so much that they
10 don't have the equipment to do it or the money to
11 do it. They don't have -- they're not -- they
12 believe that it takes them months to get these
13 permits. It does not take months to get an
14 emergency permit.

15 And, where necessary, I've instructed
16 our folks in the regions that they should -- you
17 know, if they need an extension of an emergency
18 permit, that we should be issuing that. Because we
19 are sensitive to that concern.

20 And as it relates to general stream
21 debris cleanup that isn't an emergency nature, you
22 know that if you're going to put equipment in the
23 water, whatever else, we're going to need permits.
24 There are a lot of important reasons for that. But
25 we'll certainly work with the applicant to make

1 sure that we make the process as painless as
2 possible and as -- really as swift as possible.

3 REPRESENTATIVE MILLARD: Well, and the
4 reason for my question there, of course, is that we
5 have enjoyed a good working relationship with your
6 department, but I cannot say that I or our
7 municipalities have had that same level of success
8 with the Army Corps. We're very disappointed with
9 them, with a number of issues that we've had.

10 Now, I know that there -- the flood
11 project that we're doing, moneys were made
12 available through Act 13 and a variety of other
13 programs. I'll just put that information out there
14 for the members of the public, that if they have
15 issues, that there are some specific ways to
16 approach it to bring result to it, and, of course,
17 one of the steps in that process is working with
18 your agency.

19 SECRETARY ABRUZZO: Yes. Thank you.

20 REPRESENTATIVE MILLARD: Thank you,
21 Mr. Secretary.

22 Thank you, Mr. Chairman.

23 MAJORITY CHAIRMAN ADOLPH: Thank you,
24 representative.

25 Representative Dean.

1 REPRESENTATIVE DEAN: Thank you,
2 Mr. Chairman.

3 Good afternoon, gentlemen.

4 SECRETARY ABRUZZO: Good afternoon.

5 REPRESENTATIVE DEAN: How are you?

6 My line of questions follows up on
7 really what I asked last year of the department
8 which has to do with the environment protection in
9 the area of shale gas extraction. And I was
10 reminded by a smart staffer that in our Fiscal Code
11 last year, we appropriated a hundred fifty thousand
12 dollars for a study, PA Safer study, in terms of
13 the impact.

14 I'm wondering, has that study been
15 completed? Who did it? And what are the findings?

16 SECRETARY ABRUZZO: We've met with
17 Safer -- I've met with them personally -- I don't
18 know -- might have been three months ago to --
19 basically to give them support and direction, and
20 we're working with Safer. I think they're in the
21 process of identifying an appropriate -- some
22 appropriate vehicles in terms of education and
23 some -- there were a number of projects that they
24 were proposing, and we were trying to -- obviously,
25 we're supportive of, and -- in addition to the

1 independent research. So, that process is
2 continuing.

3 I don't have an up-to-date status
4 today, but I can tell you, I personally met with
5 them, and I was very supportive of their efforts.
6 And we want to see that -- that money hasn't been
7 expended yet, but we're prepared to expend it just
8 as soon as they need to it begin.

9 REPRESENTATIVE DEAN: So, the
10 independent study has not been identified -- or the
11 group that would do that has not yet been
12 identified?

13 SECRETARY ABRUZZO: I don't think it
14 has been. I know we -- this was -- I'd have to get
15 you -- I'd have to go back today and find out. I
16 just know, when I spoke to them three months ago,
17 they had good ideas. I just don't know if they had
18 yet identified the specific independent research
19 part of that.

20 REPRESENTATIVE DEAN: Okay. As that
21 information becomes available, if you could offer
22 it to the chairman, that would be great.

23 SECRETARY ABRUZZO: Absolutely.

24 REPRESENTATIVE DEAN: So, on the ground
25 and in terms of the environment protection in the

1 area of drilling, whether it's the drilling, it's
2 the capturing, it's the transport, it's, you know,
3 dealing with the fracking fluids, the whole
4 industry, what does DEP do -- what kind of
5 inspections? What are your needs?

6 And happy to hear about your plan to
7 hire more field agents as well as others in the
8 area.

9 And, also, what's the split of funds?
10 How much of that is funded through fees, and how
11 much of that is provided through the state? The
12 level of inspection.

13 SECRETARY ABRUZZO: Well, for the oil
14 and gas program, it's entirely supported through
15 fees from the industry, that we receive from the
16 industry, fines that we levy against the industry,
17 and the Act 13 money. So, there's no general fund
18 money appropriated to support that mission.

19 We regulate almost -- you know, every
20 element of what you've described in some form or
21 another, the entire process. So, in terms of
22 inspections, we inspect prior to drilling. We're
23 inspecting well pad construction, right, which is
24 important because we need to make sure they have
25 the proper containment safeguards so that there are

1 no -- so that there's no leakage into the ground
2 from any wastewater that's on the surface of the
3 well pad.

4 But so, from that point of
5 construction, to drilling, to fracking, to the
6 point -- up until the point they're ready for
7 production, those wells are inspected -- those well
8 pads and wells are inspected. And that typically
9 happens three times. So, within this period of
10 time, a short period of time, we inspect three
11 times.

12 Once they get to the point of
13 production, where it's actually leaving the site,
14 on a quarterly basis, they're required to report to
15 us mechanical -- what we call mechanical integrity
16 assessments, so that they're inspecting also
17 regularly and reporting to us any change, any
18 deviation, any problem.

19 We -- our regulations -- I can tell you
20 that our regulations, most recently the group
21 Stronger, the state organization for -- for oil and
22 gas regulations that are -- they're an independent
23 agency that's evaluated our regulatory framework in
24 Pennsylvania, has come back on numerous occasions,
25 and very recently, I would say, giving us the stamp

1 of approval that our regulations are solid. They
2 do achieve the purpose for which we expect, as
3 Pennsylvanians.

4 We continue to refine our regulations.
5 Our oil and gas folks are under direction from
6 myself and from the deputies to continue to refine
7 regulations, because, as industry has evolved,
8 their practices, in some respects, have improved,
9 they're changed. Technology is better. We need to
10 reflect that -- you know, our regulations need to
11 reflect these changes.

12 And, you know, we know it's not a
13 static environment. We want to make sure that any
14 lesson we learn, we respond to. And in the
15 instance in Greene County, it's too -- at this
16 point, it's too early to tell what we'll have
17 learned from this incident, but you can be sure
18 that we'll do an after-action review of everything
19 that's happened in addition to our own independent
20 investigation to make sure that, where our
21 regulations maybe have to be tweaked or changed or
22 dramatically changed, that we're responsive.

23 I can't impress upon you how important
24 this issue is to the men and women in the agency
25 and to the oil and gas program. And -- and so,

1 we're going to -- this is -- we're going to
2 continue to evolve to make sure that we're
3 providing the safety and the security that
4 Pennsylvanians expect and that the legislature
5 expects of us.

6 REPRESENTATIVE DEAN: I appreciate
7 that. And I do appreciate the work of all the
8 people that work with you on this important
9 industry and natural resource.

10 From the three inspections at the
11 beginning and the quarterly self-reporting, what is
12 the DEP finding? How's compliance? How's safety?
13 How's environmental impact?

14 SECRETARY ABRUZZO: So, for -- it's
15 2014. In 2013, we -- we conducted twelve thousand
16 five hundred inspections. That number -- I don't
17 remember -- we always talk about it. I don't
18 remember the exact year. It's up from, at one
19 point, one thousand inspections a year. Last year
20 it was -- 2012, it was twelve thousand
21 inspections. Last year, it was twelve thousand
22 five hundred. We are inspecting more now than we
23 ever have as an agency, and it's -- we can do
24 more. We'll continue to do it as we think it's
25 necessary.

1 And I kind of just lost track of the
2 rest of your question.

3 REPRESENTATIVE DEAN: I was wondering,
4 what are you finding in the inspections?

5 SECRETARY ABRUZZO: Yes. Well, the
6 good news is this, right, notice of violations,
7 which, by the way, do not come across my desk,
8 right, so I don't sign off on what -- the
9 inspectors in the field have the discretion to
10 issue notice of violations as appropriate the way
11 they should be, the way any police officer in a
12 street would. Those numbers in violation have gone
13 down.

14 I think -- I credit our regulatory
15 framework, the legislative framework that you're
16 responsible for, and industry stepping up and
17 doing -- and implementing best management practices
18 that reflect our regulatory and legislative
19 framework.

20 So, notice of violations going down,
21 which is a good sign. It's what we expect. We
22 want to see it continue to go down. And I know the
23 number is here, so -- I have look for my glasses.
24 Maybe it was -- I can't see it.

25 In 2011-2012, we had nine hundred and

1 two notice of violations issued. Last year,
2 2012-2013, that number went down to five hundred
3 sixty-five. And that's not -- there is no
4 direction from me other than "do your job" to our
5 inspectors, do the right thing, hold the industry
6 accountable.

7 REPRESENTATIVE DEAN: So, to your
8 point, inspections have increased.

9 SECRETARY ABRUZZO: We've increased
10 them. And we're going to be -- we're going to be
11 omnipresent everywhere where drilling occurs, to
12 bring this, to drive this point home to the
13 industry.

14 And I can tell you, in Greene County,
15 the companies out there involved in that incident,
16 you know, unless they had their eyes closed, you
17 couldn't look left or right without seeing DEP
18 people on the ground, monitoring every aspect of
19 what was going on and working with people in the
20 community to make sure our residents in Greene
21 County knew exactly what was going on and -- and we
22 spent a lot of time assuring people that we were on
23 the job, monitoring air quality as this event
24 occurred, so that they were in no danger.

25 REPRESENTATIVE DEAN: That's

1 fantastic.

2 Does the department have an opinion on
3 the current moratorium for the leasing of forest
4 lands for drilling?

5 SECRETARY ABRUZZO: I don't think it's
6 the department. I answered this question
7 yesterday. We don't really have an opinion on it.
8 The -- can it be done safely from adjacent lands so
9 there's no disturbance on state park land or state
10 forest land? Absolutely. But we -- we treat DCNR
11 in this instance as any other landowner, so
12 whatever permit application we receive from an
13 operator, we will scrutinize the way we would from
14 any operator. But in this case, you know, we're
15 going to work with DCNR to make sure our best
16 management practices that we have seen in the
17 industry that have worked are implemented on these
18 sites, and we'll partner with our sister agency.
19 The governor has said, no surface disturbance, and
20 then, no additional surface disturbance if there
21 was already a well pad on location.

22 We will -- we will make sure. We will
23 enforce that and make sure that that is the case.

24 So, I -- but other than that, I don't
25 really have an opinion on it. It's our job to

1 regulate it and make sure we follow through in
2 accordance with the governor's mandate in this
3 case, but in accordance with our own permit review
4 process.

5 REPRESENTATIVE DEAN: And in accordance
6 with what you are following and what we're
7 obligated to, the constitutional obligation to
8 protect the rights of our citizens and the natural
9 public estate. So, I'm hopeful that the governor
10 will see that he should not be drilling on the park
11 lands and forests.

12 SECRETARY ABRUZZO: Understood.

13 REPRESENTATIVE DEAN: Thank you very
14 much for your important work.

15 SECRETARY ABRUZZO: Thank you.

16 MAJORITY CHAIRMAN ADOLPH: Thank you.
17 Representative Donna Oberlander.

18 REPRESENTATIVE OBERLANDER: Thank you,
19 Chairman.

20 Good afternoon, secretary.

21 I represent Clarion, part of Armstrong,
22 and hopefully soon part of Forest County, and I
23 really appreciate your new mantra of problem
24 solvers instead of impediments.

25 Over the past six years, I have heard

1 from not only local government, manufacturers,
2 housing industry, conventional well drillers, that
3 DEP is the biggest impediment to job creation in
4 Pennsylvania.

5 Can you tell us what that means in, you
6 don't want to be a -- you want to be a problem
7 solver and not an impediment and how that will help
8 in job creation in Pennsylvania?

9 SECRETARY ABRUZZO: Yeah. So, one of
10 the things we'll -- we heard, too, and the
11 administration changed, and so you moved through it
12 into a new administration. You hear folks,
13 everybody wants to tell you what the problems are,
14 what the challenges are of each agency.

15 And certainly DEP -- one of the things
16 we heard at DEP was there's consistency, so from
17 region to region, things are being done
18 differently.

19 Then you also heard from folks that
20 say, you're not -- you're -- you know, you're
21 unwilling to budge on anything. You do it always
22 this way. You're unwilling to listen to creative
23 ideas. So, sometimes it puts us in sort of a
24 predicament, right.

25 So, we want to be creative. We want to

1 have folks in the regional offices, recognizing
2 that every region of the state has its own
3 environmental challenges that are really distinct
4 to each region. There's overlap in some, but it's
5 really quite interesting in many respects. We want
6 to make sure our regional directors and the staff
7 in those regions work with, whether it's permit
8 applicants, whether it's folks on compliance, want
9 to work people to be creative to solve their
10 challenges, their problems, to get -- to folks that
11 need to be in compliance, make sure they're in
12 compliance. We want to work with them to get them
13 there.

14 We also, as a department, want to make
15 sure that the solution in the northwest office and
16 that region is not a headache to the folks in the
17 southeast office. We need to be consistent enough
18 with our general application of regulation, the way
19 we enforce it and the way we bring about
20 compliance, and in our permitting process, so that
21 there is this sense that we're not six or seven
22 DEPs, we are one DEP, but we're flexible enough
23 from region to region to address regional issues in
24 a creative way.

25 One of the best, I think, examples of

1 how we have improved and addressed some of the
2 things you've heard from local municipalities and
3 from businesses is the permit decision -- easy for
4 me to say -- permit decision guarantee program that
5 these two gentlemen and my predecessor worked on
6 and is now in full swing in the agency. We
7 inherited an enormous backlog of permits when this
8 administration came into office. That backlog of
9 permits has been reduced by 95 percent.

10 But the real -- the real progress was
11 made in the way that we implement this permit
12 decision guarantee program. We know that
13 municipalities and businesses, the regulated
14 community needs predictability. Right? They want
15 thing to be done timely, but they need
16 predictability in order to be able to manage what
17 they're doing. We've set up the structure in our
18 agency so that -- we've basically said, if you
19 submit to us technically complete applications,
20 permit applications, we can guarantee for you that
21 we can issue these permits in a particular time
22 period, so maybe it's thirty days or sixty days,
23 depending on the complexity of the program, but
24 there's a predictable timeline for the regulated
25 community.

1 The importance to us is, our
2 professionals don't have to work any harder or any
3 faster. If they get a technically complete
4 application up front, the work gets done in a
5 timely manner. And our statistics over the last
6 year have shown that in many instances, just by us
7 doing our job, we're beating the deadlines we've
8 imposed on ourselves.

9 Part of that is also what we call our
10 preapplication consultation meeting with the
11 applicant. We bring them in. We let them know
12 what our expectations are. That has been the
13 source -- from the local government perspective, I
14 can tell you, the source of a lot of problems
15 results -- is usually the application itself, the
16 folks, when they're filling out the application,
17 not always sure what to include, if we're including
18 the right information, and that slows down the
19 process. So, by meeting before the application is
20 submitted, we iron out all that information. We
21 are now getting better applications, and we're able
22 to meet these deadlines. And it doesn't sacrifice
23 at all the level of review we give. And that's a
24 positive.

25 But at this point, the complaint that

1 we heard for a long time about the backlog of
2 permits, we're not -- I hope you're not hearing it
3 anymore that it's current. We're not hearing it
4 now from industry, so -- or from the
5 municipalities, so that's a good sign for us. We
6 think the program works.

7 It's just, you know, we're getting good
8 product up front. We've got terrific professionals
9 in the department to get good product out the
10 door. And, together, I think we're accomplishing
11 everyone's goals. I think it really is a win-win.

12 REPRESENTATIVE O'BRIEN: Thank you.

13 I do represent a large number of
14 conventional well drillers, and I appreciate your
15 willingness to talk with them and with us about the
16 changes that Chapter 78 have really put them in a
17 bad position.

18 I want to go back to, you have
19 mentioned twenty-two hundred permits issued last
20 year, I believe, two hundred of those were
21 unconventional, two thousand were conventional. Am
22 I correct in those numbers?

23 SECRETARY ABRUZZO: I think Jeff
24 mentioned those numbers.

25 You want to correct them, to make sure.

1 EXECUTIVE DEPUTY SECRETARY LOGAN: Yes,
2 thank you.

3 The assumption for the unconventional
4 horizontal permit, number of permits, was two
5 thousand two hundred. That's the number of permits
6 that we anticipate moving forward, at a rate of
7 five thousand dollars per permit.

8 REPRESENTATIVE O'BRIEN: Okay. Is that
9 an increase or a decrease over two years ago, when
10 we actually added an additional -- a significant
11 number of inspectors to deal with the permitting
12 issues for specifically well drilling?

13 EXECUTIVE DEPUTY SECRETARY LOGAN: That
14 number is an assumption moving forward as a basis
15 for budgeting. Hopefully, it will be more than
16 that. But I'm trying to -- when we put together
17 our budgets, we try to be conservative. The number
18 of two thousand two hundred permits is a lower
19 number than we've had in the prior years. Now, the
20 reality is, the number of permit applications is
21 down a little bit from two years ago. And -- but
22 depending on the price of natural gas, that could
23 turn right around.

24 REPRESENTATIVE OBERLANDER: My concern
25 is that you want to hire thirty-six more

1 inspectors, and, quite honestly, I'm not nearly as
2 excited as you are, Secretary or Representative
3 Dean, about adding more inspectors when the
4 majority of those are conventional well drillers
5 who have been doing this for a very long time
6 without problem.

7 SECRETARY ABRUZZO: I appreciate that.
8 And not all thirty-six are going to be inspectors.
9 We need to -- this program, to be properly built,
10 needs not only the boots on the ground, but we need
11 a proper management structure in the field to
12 supervise. You may have noted we issued -- I think
13 we -- I don't recall if we did a press release --
14 we recently created a position in the oil and gas
15 deputate, executive director of field -- oil and
16 gas field operations. We promoted Kelly Burch, our
17 regional director from our northwest regional
18 office into this job. Kelly's got almost thirty
19 years of experience with the department, very good,
20 understanding of both the conventional business and
21 the unconventional business, which I think is
22 critical and helps address the needs of the folks
23 in the conventional business, making sure that we
24 are properly identifying the two very different
25 business models. And that, in terms of the way we

1 regulate, we're also drawing those distinctions
2 properly.

3 And so, we're going to grow in the
4 right way, in a way that supports the entire
5 deputation, this oil and gas deputation. And so it
6 won't all be inspectors. There will be other folks
7 in the mix that we need, but I've made a
8 commitment to the folks in the conventional
9 industry. And I make this commitment to
10 Pennsylvanians generally. We know -- oftentimes,
11 we're really good at figuring out what the intended
12 consequences of our actions are going to be. We
13 need to do a better job in the department of also
14 understanding unintended consequences and making
15 sure that if we know what they are, we try to
16 eliminate those unintended consequences. And the
17 example you point out is a good one, and I've made
18 it clear to those folks that we will make sure
19 whatever regulations come to fruition in the final
20 stage, that they reflect the changes that need to
21 be made.

22 REPRESENTATIVE OBERLANDER: Thank you,
23 Secretary.

24 Thank you, Mr. Chairman.

25 MAJORITY CHAIRMAN ADOLPH: Thank you.

1 Representative Jake Wheatley.

2 REPRESENTATIVE WHEATLEY: Thank you,
3 Mr. Chairman.

4 And good afternoon, Mr. Secretary.

5 I wanted to -- coming from Allegheny
6 County, we are under a federal consent decree
7 around the water and sewage lines.

8 I wanted to know from your department
9 and the administration, are you planning any role
10 in your budget layout, are there any lines that are
11 -- can be used to support what we're doing in
12 Allegheny County?

13 SECRETARY ABRUZZO: That's a good
14 question. I can't answer that, off the top of my
15 head. I don't know if Dana or Jeff can.

16 EXECUTIVE DEPUTY SECRETARY AUNKST:
17 Yes, Representative. Right now, the answer to that
18 question is, no specific line items to address that
19 specific situation. We understand that they --
20 you're talking about the county authority,
21 ALCOSAN -- shouldn't assume. At this point in
22 time, as I understand it, they're completing their
23 537 plan that's required under that consent decree,
24 and at that point in time, they will have a rather
25 large request for reimbursement for some of the

1 costs of that planning. We haven't got to that
2 point yet, but, at that time, we should have those
3 discussions.

4 REPRESENTATIVE WHEATLEY: And I'm glad
5 you -- because -- now, maybe I'm reading this
6 wrong, and I might have this totally wrong. In any
7 of our plans -- and I know they're preliminary, we
8 haven't submitted yet because we don't want to
9 submit and get rejected, we want to work some
10 things out behind closed doors with the federal
11 government, but we kind of know where we want to go
12 with -- how we want to rectify the situation.

13 In the sewage facility grants, would
14 any of that money, would that be -- if it was
15 available in this budget, could we use any of that
16 money for plans for our facilities?

17 EXECUTIVE DEPUTY SECRETARY AUNKST:
18 Sewage facilities planning grants are used for that
19 purpose, to reimburse for a portion of the cost of
20 preparing the plan. Those grants have been zeroed
21 out in the line item in the budget, because the
22 money that is intended to go to those is now
23 available through Act 13 impact fees, through the
24 CFA -- DCED and CFA.

25 But this particular situation, I think,

1 is probably the anomaly just in terms of the size
2 of the request that's going to come in given the
3 size of the plan that's being prepared.

4 REPRESENTATIVE WHEATLEY: And my final
5 question is -- and it goes to where Representative
6 Santarsiero was going as it relates to Rendell's
7 2008 laying out this vision about what we would
8 need as it relates to water and sewer
9 infrastructure. I really would suggest that, as
10 you're looking at it, updating our plan, because I
11 cannot imagine that it's only Allegheny County,
12 city of Pittsburgh and the southwest who have these
13 particular issues, that, just like in
14 transportation, we have to think towards the
15 future. And we should really be getting ourselves
16 prepared to make the investment in our
17 infrastructure that are so important to our
18 citizens of Pennsylvania.

19 So, if, in 2008, the number was
20 somewhere like 37.5 billion, I only can imagine
21 what that has grown to now. And the longer we put
22 it off, the more it's probably going to cost the
23 taxpayers to address it, especially if we do it
24 piecemeal fashion.

25 So, again, I don't know if there's a

1 question in there, but I would just strongly
2 suggest, as we prepare -- I want to see Allegheny
3 County get some support, but I'm sure there are
4 other counties across the commonwealth that also
5 should be getting supported, and we should have a
6 vision of how we should take care of it towards the
7 future.

8 Thank you, Mr. Chairman.

9 SECRETARY ABRUZZO: That is a very good
10 point. And I do think we need to work -- we can't
11 lose sight of that; we don't lose sight of it. And
12 perhaps we can work together to figure out how we
13 construct this funding, where it would come from,
14 because you are absolutely right. It's not just
15 Allegheny County or Philadelphia County or -- you
16 know, it's small municipalities. It comes in every
17 shape and size. And, of course, the older -- the
18 older areas, the old municipalities struggle with
19 this.

20 So, it's a good point. It's a point
21 well taken. And we will go back and take a look at
22 that 2008 report to see how those numbers look
23 today.

24 REPRESENTATIVE WHEATLEY: Sure.

25 SECRETARY ABRUZZO: But thank you. I

1 appreciate that.

2 MAJORITY CHAIRMAN ADOLPH: Thank you.

3 Representative Boback.

4 REPRESENTATIVE BOBACK: Thank you,
5 Mr. Chair.

6 I'm going to ask that you describe
7 Pennsylvania's air quality in relation to natural
8 gas production. I noted before, when you talked
9 about water quality, that now DEP does a pre water
10 test and then a post water test. I'm assuming
11 that's at the well site or that's near where the
12 drill occurs. Is that correct?

13 SECRETARY ABRUZZO: The predrill
14 testing is performed by the operator of private
15 well water within a twenty-five-hundred-foot
16 perimeter of their operation. So, if you own a
17 home and you're within twenty-five hundred feet,
18 the way Act 13 was written, they incur great --
19 they incur the potential for great liability if
20 they don't do the predrill testing up front so that
21 there's a baseline test. But the operator's the
22 one that is doing that predrill testing.

23 REPRESENTATIVE BOBACK: And I think
24 that's great with water. But are we doing that
25 also with air quality?

1 SECRETARY ABRUZZO: We've done -- over
2 the last two years, we did three short-term air
3 quality samples in the different drilling regions
4 of the state, found no air quality issues that
5 would -- I should say there were no pollutants of
6 any level that would have encroached upon the
7 national -- the ambient air quality standards set
8 by the federal government.

9 So, we'll continue to do those
10 short-term samples around the state, in all areas
11 of the state, obviously in the areas where there's
12 drilling.

13 And we're currently doing a long-term
14 air quality testing study in Washington County,
15 around a compressor station, those activities. The
16 results of that test should be done before the end
17 of this year. And that will give us a better idea,
18 at least in those operations, outside the well pad,
19 with the compressor stations, things of that
20 nature, if there are any impacts. So far, you
21 know, we've not seen air pollutants that have been
22 harmful in our air quality.

23 REPRESENTATIVE BOBACK: And I would ask
24 that you further your research, because I have a
25 compressor station, I have a dehydration station,

1 and a lot of drilling in northeastern
2 Pennsylvania. And that's what we are looking for,
3 that if you can do a pre air test and then post
4 air, please consider that. That's so important
5 with people who live near these stations or near a
6 well pad.

7 You also talked about a specific
8 complement before when you were responding to a
9 question by representative Petri, and you talked
10 about your additional complement in different parts
11 of the state, but I didn't hear northeastern
12 Pennsylvania, and that's where I'm from. Is that
13 just something you accidentally omitted, or don't
14 we have a complement regarding the gas industry? I
15 know we do in Wilkes-Barre, but I'm talking
16 specific to Marcellus shale.

17 SECRETARY ABRUZZO: Well, we'll see --
18 we'll see an increase in complement for oil and gas
19 in all of the regions where we have oil and gas
20 staff. So, for instance, we don't have oil and gas
21 staff in the southeastern office, but we will still
22 be looking to add complement, non-oil and gas staff
23 to the southeastern office.

24 So, we're looking to grow not just in
25 the oil and gas program but where we can grow in

1 the other -- in the water program, in the air
2 program, in all of the regions. We're going to try
3 to strategically fill some positions that allows
4 us, really, to continue to do this important
5 mission that we all have but to make sure that
6 we're -- you know, we're relieving any stress
7 points that may be out in any of regional offices.

8 So, there will be -- you know, my hope
9 is there will be staff added to the northeast
10 office. It's a terrific office. They do great
11 work up there. We want to continue to support
12 their efforts up there.

13 REPRESENTATIVE BOBACK: And then,
14 getting back to the air emissions, what could we
15 expect in the future? Particularly, when I get so
16 many calls asking if the air quality is appropriate
17 after there's an incident at one the compressor
18 stations or dehydration stations. How do you
19 respond to that?

20 SECRETARY ABRUZZO: We can do -- as we
21 are in Greene County right now, we have the ability
22 to do -- we have a mobile testing lab. We can run
23 a mobile testing lab up there at any time if you
24 have a concern that -- you know, we'd be happy to
25 do that.

1 We have hand-held monitors. We have
2 folks that actually -- you know, we can do it by
3 having personnel deployed in the area. We can
4 leave the mobile equipment there, you know, for an
5 extended period of time. So, we have a lot of
6 capability. And I would -- those concerns are
7 things I want you to bring to our attention because
8 we will address them and make sure that, at least
9 to reassure residents that may be concerned that
10 their air quality is appropriate.

11 REPRESENTATIVE BOBACK: My last
12 question. I'm sorry to belabor this. That sounds
13 familiar. These testing labs, are they already
14 working in northeastern Pennsylvania? Do you have
15 different groups that are using these? Or is this
16 something --

17 SECRETARY ABRUZZO: Well, the mobile
18 lab, I know we have -- I don't know if we have two
19 or one. Two. So, we will move them as the gas
20 case -- you know, as the case warrants. If we have
21 requests to do any kind of air testing, we can use
22 them. And we typically use them when we want to
23 deploy them for extended -- a week or two weeks.

24 But we can do -- we have air testing,
25 air quality monitors that we can set up at

1 locations that aren't mobile -- the mobile labs
2 that have wheels, et cetera, that are dragged up to
3 a location or pulled up to a location. So, we --
4 we have a fairly robust air quality program, and we
5 have the ability to address these issues.

6 REPRESENTATIVE BOBACK: And would the
7 EMA in that area, in the county, would they have
8 requested this in the past? Or should they or
9 could they or would they?

10 SECRETARY ABRUZZO: I think, if anybody
11 requested it, it wouldn't matter who the request
12 came in from, we -- I would suggest -- I mean, my
13 sense would be, from folks in the northeast, they
14 should be making that request to the northeastern
15 office because they may have staff that can go out
16 there immediately and take care of that issue. If
17 they need the resources from the Rachel Carson
18 Building or any of our offices, we'll deploy them
19 as needed.

20 REPRESENTATIVE BOBACK: Thank you.

21 And thank you so much for what you do
22 to protect us in the commonwealth.

23 Thank you, Mr. Chairman.

24 MAJORITY CHAIRMAN ADOLPH: Thank you.

25 Representative Matt Bradford.

1 REPRESENTATIVE BRADFORD: Thank you,
2 Chairman.

3 Mr. Secretary, I wanted to follow up,
4 if I could, on just a couple different areas that
5 you've already touched upon. One, Chairman
6 Markosek had talked about the issue of climate
7 change, and I realize it seems like the
8 administration made some movement at least in terms
9 of the secretary position in terms of real,
10 man-made.

11 Kind of going forward to also some of
12 the points that I know our Democratic environmental
13 chairman has made before is, now that we've
14 conceded it's real, it's man-made, what do we want
15 to do about it? What is Pennsylvania's role in
16 addressing climate change?

17 SECRETARY ABRUZZO: Well, what do we --
18 that's a good question. They -- we, of course, are
19 enforcing the EPA's air quality regulation. So, as
20 it relates to any emissions from industry in
21 Pennsylvania, those are requirements that we meet
22 that are federally mandated. And, we work very
23 hard to make sure folks -- before we -- obviously,
24 before we issue permits, folks have to have -- you
25 have to meet the appropriate air quality levels,

1 whether it's best available control technology,
2 lowest achievable emission rates, there are a
3 number of different factors that we consider. And
4 in terms of compliance, we -- we strictly enforce
5 our air quality regulations. But it's a program
6 delegated to us by EPA.

7 So, this issue has to be -- it's -- you
8 may recall about two months ago, the governor
9 signed a petition that was being sent to the EPA to
10 add other states to our -- to the ozone transport
11 region, and we are among those states. And I
12 recommended that very strongly to the governor,
13 because many of the issues we deal with, we're
14 dealing with in Pennsylvania not just the air
15 emissions from our stationary mobile sources, but
16 we're downwind of other states that aren't adhering
17 to the same requirements.

18 So, we need -- this is not just a
19 Pennsylvania issue. It is a -- it is truly a
20 global issue, but it's clearly a national issue,
21 and we need leadership on a national level to
22 develop a strategic plan that we can all -- you
23 know, everybody can work on, recognizing the
24 different challenges of every state. Right?

25 So, Pennsylvania is one of the -- like

1 the second largest producer of energy in the
2 nation. We have a different footprint than states
3 that are -- that are not producing the energy we're
4 producing. And so, we should continue to do the
5 good work we can to achieve improvement, but that
6 has to be -- you know, that all has to be kind of
7 woven together in a national effort, so that
8 everybody is doing what they need to do, but we
9 have the guidance of the federal government.

10 REPRESENTATIVE BRADFORD: And realizing
11 some states, obviously, have independently taken
12 the lead. Former governor Schwarzenegger, of
13 California, others have tried to set up compacts
14 with other states, to try to drive the issue, but
15 understanding pretty much Pennsylvania's policy is
16 whatever the federal standard is, that will be the
17 floor, and that's what we'll enforce at this time.

18 SECRETARY ABRUZZO: Well, we have the
19 strictest air quality standards in the country in
20 Pennsylvania. So, I -- again, I'll get back to, I
21 don't know how much you can squeeze Pennsylvania.
22 We need to continue to do the job we're doing. I
23 wouldn't argue with Representative Vitali. Where
24 we can improve, we should. But you just have --
25 that has to be kept into consideration.

1 REPRESENTATIVE BRADFORD: Understand,
2 Secretary. And I would disagree just a little bit
3 with your term "squeeze Pennsylvania." I think,
4 obviously, it's an opportunity, in some ways.

5 But I wanted to move on, also, to some
6 of the Act 13. I know in some of your answers on a
7 variety of issues, you've pointed to Act 13 as kind
8 of what we're operating under, that regulatory
9 regime. Obviously, that regime has been called
10 into question by -- not even called into question;
11 it's been struck down by the supreme court. And
12 realizing the governor and his administration has
13 taken a different view.

14 But, to read from the Chief Justice
15 Castille's opinion: By any responsible account,
16 the exploitation of the Marcellus shale formation
17 will produce a detrimental effect on the
18 environment, on the people, their children, and
19 future generations, potentially on the public
20 purse, perhaps rivaling the environmental effects
21 of coal extraction.

22 And then goes on to say that: The
23 state regulatory powers abroad are limited by
24 constitutional commands, including the
25 environmental rights amendment.

1 Act 13 clearly looks like it's heading
2 towards the trash bin of history in terms of
3 Pennsylvania. What steps has the administration
4 taken for preparing for life post Act 13?

5 SECRETARY ABRUZZO: I'll speak for the
6 perspective of DEP, if that's what you mean in
7 terms of the administration. My perspective is
8 DEP-centric at this point.

9 But, at this point, there are still --
10 you know, there are elements of Act 13 that are
11 still in play. We have to deal with what the known
12 is. So, for us, the known is there are still
13 setback requirements that the legislature crafted
14 that are very helpful in terms of the protection of
15 the environment and the protection of
16 Pennsylvanians. There are setbacks as it relates
17 to waterways and wetlands that have been struck
18 down.

19 We, at the agency, are working
20 together -- our lawyers are putting together sort
21 of their analysis of what other regulations and
22 laws we can use to still enforce setbacks as it
23 relates to wetlands and waterways. Those setbacks
24 were good in Act 13. We want to make sure we
25 preserve them.

1 The governor's called on the industry
2 to continue to adhere to those setbacks that
3 existed in Act 13, even though some of them are no
4 longer law, has also -- has been a help to us.

5 Moving forward, the chief justice
6 mentioned Article 1 Section 27, this
7 environmental -- this environmental stewardship
8 analysis. Much of the permitting process that we
9 do at DEP already factors in a lot of that
10 analysis. So, from the standpoint that that is
11 a -- that issue, that element of the opinion was a
12 plurality and not the majority, for us -- I don't
13 want to say it's business as usual, but we have
14 ways of sort of arriving at that same point, even
15 with the decision with Act 13.

16 But, you know, clarity on that issue or
17 clarity on Act 13 in terms of final clarity would
18 be good for all of us. It's -- but we're moving
19 forward the best we can to deal with those
20 situations.

21 REPRESENTATIVE BRADFORD: Realizing
22 voluntary compliance by these corporations is
23 something for the time being, but I would assume
24 the administration would like to revisit Act 13 or
25 get something to set a statutory protection of the

1 environment.

2 Is there any talk of setting up a new
3 Marcellus shale coalition? I know there was --
4 while the lieutenant governor, I know, gave it his
5 best, there was a lot of criticism that that
6 commission was stacked very heavily towards
7 industry and maybe that kind of shows you why the
8 result was what it was in the supreme court.

9 Is there any talk of bringing truly all
10 stakeholders to play and revisiting environmental
11 protection in terms of Marcellus shale in light of
12 the Act 13 rulings?

13 SECRETARY ABRUZZO: I have not been
14 part of any of those kinds of discussions. I can't
15 tell you whether they're occurring or they're not
16 occurring. If they are, they haven't involved me
17 at this point.

18 But, I'm -- I'm willing and happy to
19 participate in any of those discussions. I mean,
20 as I said, clarity and direction is very important
21 for us. We're going to continue to cobble together
22 setbacks to preserve and protect our waterways, our
23 wetland, wherever we can find them in our
24 regulatory authority.

25 But I do think the setbacks that were

1 contained in Act 13 have proven, over the course of
2 time, to have been successful in terms of distances
3 and structures, et cetera. But, you know,
4 obviously, I don't like -- none of us, as
5 regulators, like dealing with this era of
6 uncertainty.

7 REPRESENTATIVE BRADFORD: I'll conclude
8 real quickly. I know that the chairman's got
9 others to get to.

10 I appreciate your need for some kind of
11 certainty, and I think those of us who advocate on
12 behalf of the environmental side would like to see
13 that same level.

14 And let me just ask one thing last
15 thing. On the moratorium in the southeast --

16 MAJORITY CHAIRMAN ADOLPH: I thought
17 that was going to be your last comment. We still
18 have -- I'll tell you what, Representative, only
19 because of the time, we've gone over our limit by
20 fifteen minutes. We have several others that still
21 have first-round questions.

22 Chairman Markosek and I, we talked
23 about it. We will submit our second round of
24 questions to you. Obviously, it seems like you
25 have a good rapport with the chairman of the

1 Environmental Committee, et cetera, et cetera, and
2 you have other times. And I'm sure you can stay
3 around for a little sidebar commentation.

4 SECRETARY ABRUZZO: Sure.

5 MAJORITY CHAIRMAN ADOLPH: So, I -- I
6 got to get moving. We've got the secretary of DCED
7 out in the hallway, waiting. So, we're going to
8 move on to Representative Jim Christiana.

9 Thank you for your understanding,
10 Representative Bradford.

11 REPRESENTATIVE BRADFORD: Thank you.

12 REPRESENTATIVE CHRISTIANA: Thank you,
13 Mr. Chairman.

14 Good afternoon, gentlemen. Thank you
15 for being here.

16 There's obviously been a lot of
17 discussion about Act 13, and a lot of the focus
18 with Act 13 deals with the impact fee and setback
19 requirements. One part of it that has gotten some
20 attention yesterday that I wanted to talk to you
21 about is the -- the fines and penalties associated
22 with those in the industry that violate trust and
23 also harm the environment.

24 And if I could reference the Tribune
25 Review story from yesterday, DEP levied the largest

1 fine assessed during the shale gas boom. And your
2 spokesman said, quote, This is a flagrant violation
3 of the rules on recordkeeping. This sends a
4 message that you don't have to foul the
5 environment, but if you're not following the
6 department's regulation, it's still serious.

7 And I think, a lot of times, when we
8 talk about penalties, it's for those that have
9 harmed the environment, but I think, what was
10 different here is that you levied the largest fine
11 in the shale gas boom, and it was for someone who
12 didn't violate, just simply violated our trust.

13 If you could maybe comment on that
14 particular instance, and the fact that Act 13
15 allowed your department to actually punish those
16 that violated the trust, punish the environment
17 even more strongly than it would have if Act 13
18 wouldn't have been put in place, in fact, 200
19 percent and 500 percent increases in the
20 penalties.

21 Can you just comment about those
22 changes to Act 13?

23 SECRETARY ABRUZZO: If -- you know,
24 look, as a regulator, if we don't have the muscle
25 behind us statutorily and from a regulatory

1 perspective, then we can -- we can become -- we
2 would have become paper tigers. So, it's very
3 important to have this kind of muscle against --
4 when we're dealing with a industry that has deep
5 pockets. So, I consider 1.8 million dollars a very
6 steep fine.

7 The deterrence -- it's no different
8 than in law enforcement -- the deterrent effect.
9 We're very happy that the environment was not
10 harmed, but we also need to make sure there's a
11 deterrent effect not just in this industry, but in
12 all regulated communities, that people understand,
13 when you willingly and knowingly violate our
14 regulations and subject the potential harm to the
15 environment or to our citizens that, in this case,
16 may have existed, there is going to be a
17 substantial penalty involved.

18 And, so, yeah, we were very fortunate
19 there was not environmental harm. And I underscore
20 the word "fortunate." We were very fortunate there
21 was not. But their actions alone warrant this kind
22 of penalty. And it sends a message to anyone else
23 that maybe perhaps is, you know, teetering on the
24 fence of compliance: We will not tolerate that.

25 REPRESENTATIVE CHRISTIANA: And also, I

1 would like to just comment on the changes of Act 13
2 that increase setback requirements. If Act 13
3 wouldn't have been passed, the setback requirements
4 previous to Act 13 were a lot less than what they
5 are currently. Correct?

6 Could you just maybe update those that
7 are confused about the fact that some -- some
8 things have been said out in the public that we
9 eased regulation, but, in fact, we've significantly
10 strengthened the regulations of your department in
11 Act 13. Correct?

12 SECRETARY ABRUZZO: That's correct.
13 There were -- the Oil and Gas Act had not been
14 updated in years. It certainly did not reflect
15 this new industry, the unconventional industry.
16 And the provisions that were contained in Act 13
17 gave us, as I said, muscle to deal with this
18 industry on our terms.

19 And I believe, you know, my
20 experience -- and it's anecdotal, but, anecdotally,
21 the experience of the department has been that Act
22 13 has worked. It's served its purpose for us and
23 allowed us not only to use -- not only to support
24 the many good causes the impact fee provides, but
25 it allows us to develop the regulatory we needed to

1 put more flesh on the bones, and, I think, overall,
2 has -- we would consider Act 13, from the
3 department's perspective, as a success.

4 REPRESENTATIVE CHRISTIANA: And I think
5 that's important for the committee to hear and the
6 people of Pennsylvania to hear, because in an
7 election year, the rhetoric gets ginned up, and the
8 fact is, Act 13 did a lot more than put an impact
9 fee in place. It strengthened regulations. And
10 the idea -- the previous gentleman said that maybe
11 the commission was tipping the scale in favor of
12 the industry. I have many industries that support
13 increased regulation, increased fines, increased
14 bonding requirements, and increased fees associated
15 with them doing business. I think this struck a
16 reasonable balance between us protecting
17 Pennsylvania and also telling industry that we're
18 open for business. And I think your work should be
19 commended.

20 Thank you, Mr. Chairman.

21 MAJORITY CHAIRMAN ADOLPH: Thank you,
22 Representative.

23 Representative Seth Grove.

24 REPRESENTATIVE GROVE: Thank you,
25 Mr. Chairman.

1 Thank you, gentlemen, for joining us.

2 I didn't get to ask the auditor general
3 this, but when he first took office he was looking
4 at doing an audit on water quality. Has that
5 report come out? As it stands now, are you aware
6 of where that is?

7 SECRETARY ABRUZZO: The audit that
8 I believe they're doing is in our oil and gas
9 program. And I believe it dealt with how we
10 handled water quality complaints associated with
11 the oil and gas industry. Is that --

12 REPRESENTATIVE GROVE: I believe so.

13 SECRETARY ABRUZZO: I'm hoping there's
14 not another one out there.

15 REPRESENTATIVE GROVE: Yeah.

16 SECRETARY ABRUZZO: We have been as
17 cooperative as we could possibly be. We have
18 opened up our regional offices to the auditor
19 general staff. I believe -- I've spoken to the
20 auditor general back in December. I believe that
21 they are nearing the conclusion of their audit.
22 And I have said and I will continue to say, if --
23 we will gladly review all recommendations made in
24 that audit. If there's areas that we can improve
25 in, we are going to improve in those areas.

1 I think there are areas we're already
2 really strong in, but, even internally, we know
3 that -- we've grown so fast as an agency to keep up
4 with this evolving industry, and we're certainly
5 not adverse to those looking at the program with a
6 fresh set of eyes and saying, "You can do this
7 perhaps better as well."

8 And so, you know, I'm also anxiously
9 awaiting the final report.

10 REPRESENTATIVE GROVE: It's been a
11 little while. So, I appreciate that.

12 Thank you.

13 SECRETARY ABRUZZO: It has been a
14 while.

15 REPRESENTATIVE GROVE: Thank you,
16 Mr. Chairman.

17 MAJORITY CHAIRMAN ADOLPH: Thank you,
18 Representative.

19 First of all, I'd like to thank
20 Chairman Miller and Chairman Vitali for being here
21 today. I really appreciate their input.

22 Once again, I thank the committee for
23 their very inquisitive questions.

24 Secretary, you did a great job.
25 Appreciate the leadership in that department. And

1 we're looking forward to working with you and your
2 staff between now and June 30th to put together a
3 good environmental-friendly budget for the
4 commonwealth of Pennsylvania.

5 SECRETARY ABRUZZO: Thank you,
6 Chairman.

7 MAJORITY CHAIRMAN ADOLPH: Thank you.

8 SECRETARY ABRUZZO: Thank you.

9 MAJORITY CHAIRMAN ADOLPH: For the
10 committee's information, we will reconvene in five
11 minutes with the DCED.

12 Thank you.

13 (Whereupon, the hearing concluded at
14 2:51 p.m.)

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REPORTER'S CERTIFICATE

I HEREBY CERTIFY that I was present upon the hearing of the above-entitled matter and there reported stenographically the proceedings had and the testimony produced; and I further certify that the foregoing is a true and correct transcript of my said stenographic notes.

BRENDA J. PARDUN, RPR
Court Reporter
Notary Public